

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2009 and 2008

LISA HOBACK, CLERK/TREASURER



Mary Taylor, CPA
Auditor of State

Board of Commissioners
Prospect Township Park District
P.O. Box 426
Prospect, Ohio 43342

We have reviewed the *Independent Auditor's Report* of the Prospect Township Park District, Marion County, prepared by Julian & Grube, Inc., for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Prospect Township Park District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 3, 2010

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**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

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Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

Board of Commissioners
Prospect Township Park District
P.O. Box 426
Prospect, Ohio 43342

We have audited the accompanying financial statements of the governmental activities and the major fund of the Prospect Township Park District, Marion County, Ohio, as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Prospect Township Park District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Prospect Township Park District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and the major fund of the Prospect Township Park District, Marion County, Ohio, as of December 31, 2009 and 2008, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, thereof and for the years then ended in conformity with the basis of accounting Note 2 describes.

Independent Auditor's Report
Prospect Township Park District
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2010, on our consideration of the Prospect Township Park District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this reporting in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
August 6, 2010

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(UNAUDITED)**

This management's discussion and analysis of the Prospect Township District's (the "District") financial performance provides an overall review of the District's financial activities for the years ended December 31, 2009 and December 31, 2008 within the limitations of the District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Highlights

Key highlights for 2009 are as follows:

Net assets of governmental activities increased \$5,795, or 51.9 percent, from the previous year. The District took measures to cut back expenditures while enjoying a slight increase in revenues.

The District's general receipts are primarily property taxes and grants and entitlements not related to specific projects. These receipts represent respectively 86.3 and 5.9 percent of the total cash received from governmental activities during the year. Property tax receipts increased slightly from 2008 which is due to the current economic condition of the District.

Key highlights for 2008 are as follows:

Net assets of governmental activities were \$11,174. This represents a decrease in net assets of \$3,514 or 23.9 percent. Even though expenditures decreased from \$102,645 in 2007 to \$79,133, decreases in expenditures were not enough to offset decreasing revenues.

The District's general receipts are primarily property taxes and grants and entitlements not restricted to specific programs. These receipts represent respectively 87.3 and 3.8 percent of the total cash received for governmental activities during the year.

Using The Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(UNAUDITED)**

Basis of Accounting

The basis of accounting is a set of guidelines that determines when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally-accepted accounting principles. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting The District As A Whole

The statement of net assets and the statement of activities reflect how the District did financially during 2009 and 2008, within the limitations of cash-basis accounting. The statement of net assets presents the cash balances and investments of the governmental-type activities of the District at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other nonfinancial factors as well such as the District's property tax base, the condition of the District's capital assets and infrastructure, the extent of the District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the District has one type of activity:

Governmental Activities - All of the District's basic services are reported here, including operations, construction and land acquisition. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(UNAUDITED)

Reporting The District's Most Significant Funds

Fund financial statements provide detailed information about the District. The District maintains one fund to manage its activities and to help demonstrate that money is being spent for the intended purposes.

Governmental Funds - All of the District's activities are reported in the general fund. The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's only fund is the general fund. The District's major fund and only fund is the general fund. The programs reported in the general fund is closely related to those reported in the governmental activities section of the entity-wide statements.

The District As A Whole

Table 1 provides a summary of the District's net assets for 2009 compared to 2008 and 2007 on a modified cash basis:

Asset	Net Assets		
	<u>Governmental Activities</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Equity in Pooled Cash and Cash Equivalents	\$ 16,969	\$ 11,174	\$ 14,688
	<u>\$ 16,969</u>	<u>\$ 11,174</u>	<u>\$ 14,688</u>
Net Assets			
Reserved for:			
Encumbrances	\$ 3,024	\$ 1,286	\$ 578
Unreserved	<u>13,945</u>	<u>9,888</u>	<u>14,110</u>
Total net Assets	<u>\$ 16,969</u>	<u>\$ 11,174</u>	<u>\$ 14,688</u>

In 2009, the net assets of governmental activities increased by \$5,795 or 51.9 percent. Increase in tax receipts and decrease in expenditures contributed to the increase in net assets.

As mentioned previously, net assets of governmental activities decreased \$3,514 or 23.9 percent during 2008. The primary reason contributing to the decrease in assets was the number of projects started in 2007, but completed in 2008 and 2009.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(UNAUDITED)**

Table 2 reflects the changes in net assets in 2009, 2008 and 2007.

(Table 2)
Changes in Net Assets

	Governmental Activities		
	2009	2008	2007
Receipts:			
Program Cash Receipts:			
Charges for Services and Sales	\$ 3,080	\$ 2,760	\$ 7,170
Operating Grants and Contributions	3,225	3,700	7,100
Total Program Cash Receipts	6,305	6,460	14,270
General Receipts:			
Property Taxes Levied			
for General Park Purposes	70,606	66,052	60,935
Grants and Entitlements Not Restricted	4,800	2,894	7,110
Investment Income	61	213	1,430
Miscellaneous	21	-	-
Total General Receipts	75,488	69,159	69,475
Total Cash Receipts	81,793	75,619	83,745
Cash Disbursements:			
Conservation/Recreation	52,438	59,500	51,376
Capital Outlay	23,560	19,633	50,691
Total Cash Disbursements	75,998	79,133	102,067
Change in Net Assets	5,795	(3,514)	(18,322)
Net Assets, January 1	11,174	14,688	33,010
Net Assets, December 31	\$ 16,969	\$ 11,174	\$ 14,688

Program cash receipts represented 7.8 percent of total receipts in 2009 and included receipts such as picnic-shelter rentals and fees. Program cash receipts represented 8.5 percent of total receipts in 2008 and included receipts such as picnic-shelter rentals and fees.

In 2009, general receipts represented 92.3 percent of the District's total receipts, and, of this amount, 93.5 percent were local taxes. In 2008, general receipts represented 91.5 percent of the District's total receipts, and, of this amount, 95.5 percent were local taxes.

Disbursements for Government Activities represent the overhead costs of running the District and the support services provided for the other District activities. These include the costs of personnel, materials, capital outlay and supplies for the operation of the District.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(UNAUDITED)**

Governmental Activities

If you look at the statement of Governmental Activities (Table 3) on Page 7, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for personnel to maintain the parks and provide public programs, which accounts for 69.0 percent of all governmental disbursements in 2009 and 75.2 percent in 2008. Capital outlay also represents a significant portion of disbursements for the District in 2009 at 31.0 percent of all government disbursements. The net cost of services columns compare the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers and unrestricted grants and entitlements. These net costs are paid from the general receipts which are presented in Table 2 on Page 6. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)
Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2009	2008	2007	2009	2008	2007
Conservation/Recreation	\$ 52,438	\$ 59,500	\$ 51,376	\$ 46,133	\$ 53,040	\$ 37,106
Capital Outlay	23,560	19,633	50,691	23,560	19,633	50,691
Total Expenses	\$ 75,998	\$ 79,133	\$ 102,067	\$ 69,693	\$ 72,673	\$ 87,797

The dependence upon property-tax receipts is apparent as 91.7 percent of governmental activities in 2009 were supported through these general receipts, 91.8 percent in 2008 and 86.0 percent in 2007.

The District's Fund

General Fund

Receipts in the general fund exceeded disbursements by \$5,795 in 2009. The fund balance of the general fund increased by that amount. The increase in the general fund can be attributed to an increase in property tax receipts and intergovernmental receipts and the decrease in disbursements. Disbursements in the general fund exceeded receipts by \$3,514 in 2008. The fund balance of the general fund decreased that amount. The decrease can be attributed to an increase in conservation-recreation disbursements and an increase in capital outlay disbursements.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The only budgeted fund is the general fund.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(UNAUDITED)**

In 2009, final receipts were budgeted at \$84,493 and final actual receipts were \$81,793. Final disbursements were budgeted at \$1,286 while actual disbursements were \$79,022. The reduction in disbursements was related to lower capital outlay and various other disbursements. The unencumbered balance at the end of 2009 increased to \$13,945 from the previous year's balance of \$9,888.

In 2008, final receipts were budgeted at \$71,284, and final actual receipts were \$75,619. Final disbursements were budgeted at \$578 while actual disbursements were \$80,419. The variance is attributed to a reduction in disbursements for capital outlay and various other disbursements. The unencumbered balance at the end of 2008 was \$9,888; a decrease from 2007 when the balance at the end of the year was \$14,111.

Current Issues

The District has enjoyed solid support from the citizens of Marion County and is known for its well maintained parks and facilities. The continued weakness of the economy in the State of Ohio may be the cause of further reduction of the local government fund in the coming year. The projected budget deficit at the state level may result in a significant reduction of this fund.

Contacting The District's Financial Management

This financial report is designed to provide our citizens and creditors with a general overview of the Park District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Lisa Hoback, Clerk/Treasurer, Prospect Township District, P. O. Box 426, Prospect, Ohio 43342.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2009

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 16,969
Total assets.	16,969
Net assets:	
Unrestricted	16,969
Total net assets	\$ 16,969

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009

		Program Cash Receipts		Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Conservation-recreation	\$ 52,438	\$ 3,080	\$ 3,225	\$ (46,133)
Capital outlay	23,560	-	-	(23,560)
Total governmental activities	\$ 75,998	\$ 3,080	\$ 3,225	(69,693)
General Cash Receipts and Transfers:				
Property and other taxes				70,606
Grants and entitlements not restricted to specific programs. . .				4,800
Interest				61
Miscellaneous				21
Total general cash receipts.				75,488
Change in net cash assets				5,795
Net cash assets at beginning of year.				11,174
Net cash assets at end of year				\$ 16,969

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUND
DECEMBER 31, 2009

	General
Cash assets:	
Equity in pooled cash and cash equivalents	\$ 16,969
Total assets	\$ 16,969
Fund cash balance:	
Reserved:	
Reserved for encumbrances	\$ 3,024
Unreserved, undesignated, reported in:	
General fund.	13,945
Total fund cash balance	\$ 16,969

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN CASH BASIS FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

		<u>General</u>
Cash receipts:		
Taxes	\$	58,801
Intergovernmental		11,805
Interest		61
Miscellaneous		11,126
Total cash receipts		<u>81,793</u>
 Cash disbursements:		
Current:		
Conservation-recreation		52,438
Capital outlay		23,560
Total cash disbursements		<u>75,998</u>
 Net change in fund cash balance		5,795
 Fund balance at beginning of year		<u>11,174</u>
Fund balance at end of year	\$	<u><u>16,969</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
Taxes	\$ 64,507	\$ 64,507	\$ 58,801	\$ (5,706)
Intergovernmental	2,919	2,919	11,805	8,886
Interest	699	699	61	(638)
Miscellaneous	16,368	16,368	11,126	(5,242)
Total budgetary basis receipts	<u>84,493</u>	<u>84,493</u>	<u>81,793</u>	<u>(2,700)</u>
Budgetary basis disbursements:				
Current:				
Conservation-recreation	1,286	1,286	55,462	(54,176)
Capital outlay	-	-	23,560	(23,560)
Total budgetary basis disbursements	<u>1,286</u>	<u>1,286</u>	<u>79,022</u>	<u>(77,736)</u>
Net change in fund cash balance	83,207	83,207	2,771	(80,436)
Fund balance at beginning of year	9,888	9,888	9,888	-
Prior year encumbrances appropriated	<u>1,286</u>	<u>1,286</u>	<u>1,286</u>	<u>-</u>
Fund balance at end of year	<u>\$ 94,381</u>	<u>\$ 94,381</u>	<u>\$ 13,945</u>	<u>\$ (80,436)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2008

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 11,174
Total assets.	<u>11,174</u>
Net assets:	
Unrestricted	<u>11,174</u>
Total net assets	<u><u>\$ 11,174</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

		Program Cash Receipts		Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Conservation-recreation	\$ 59,500	\$ 2,760	\$ 3,700	\$ (53,040)
Capital outlay	19,633	-	-	(19,633)
Total governmental activities	\$ 79,133	\$ 2,760	\$ 3,700	(72,673)
 General Cash Receipts and Transfers:				
Property and other taxes				66,052
Grants and entitlements not restricted to specific programs.				2,894
Interest				213
Total general cash receipts.				69,159
Change in net cash assets				(3,514)
Net cash assets at beginning of year.				14,688
Net cash assets at end of year				\$ 11,174

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUND
DECEMBER 31, 2008

	General
Cash assets:	
Equity in pooled cash and cash equivalents	\$ 11,174
Total assets	\$ 11,174
Fund cash balance:	
Reserved:	
Reserved for encumbrances	\$ 1,286
Unreserved, undesignated, reported in:	
General fund.	9,888
Total fund cash balance	\$ 11,174

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH BASIS FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	General
Cash receipts:	
Taxes	\$ 59,360
Intergovernmental	6,692
Interest.	213
Miscellaneous.	9,354
Total cash receipts	75,619
 Cash disbursements:	
Current:	
Conservation-recreation.	59,500
Capital outlay.	19,633
Total cash disbursements	79,133
 Net change in fund cash balance	(3,514)
 Cash basis fund balance at beginning of year .	14,688
Cash basis fund balance at end of year . . .	\$ 11,174

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
Taxes	\$ 59,717	\$ 59,717	\$ 59,360	\$ (357)
Intergovernmental	5,537	5,537	6,692	1,155
Interest	1,030	1,030	213	(817)
Miscellaneous	5,000	5,000	9,354	4,354
Total budgetary basis receipts	<u>71,284</u>	<u>71,284</u>	<u>75,619</u>	<u>4,335</u>
Budgetary basis disbursements:				
Current:				
Conservation-recreation	578	578	60,786	(60,208)
Capital outlay	-	-	19,633	(19,633)
Total budgetary basis disbursements	<u>578</u>	<u>578</u>	<u>80,419</u>	<u>(79,841)</u>
Net change in fund cash balance	70,706	70,706	(4,800)	(75,506)
Fund balance at beginning of year	14,110	14,110	14,110	-
Prior year encumbrances appropriated	<u>578</u>	<u>578</u>	<u>578</u>	<u>-</u>
Fund balance at end of year	<u>\$ 85,394</u>	<u>\$ 85,394</u>	<u>\$ 9,888</u>	<u>\$ (75,506)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 1 - DESCRIPTION OF THE ENTITY

The Prospect Township Park District, Marion County, Ohio, (the "District") is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a three-member Board of Commissioners appointed by the probate judge of Marion County. The District acquires lands for conversion into forest reserves and for the conservation of the natural resources, including streams, lakes, submerged lands and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of same as the Board deems conducive to the general welfare. The reporting entity is comprised of the primary government.

The District's management believes these basic financial statements present all activities for which the District is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the District's accounting policies.

A. Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements -

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the District at year end. The statement of activities compares disbursements and program receipts for each program or function of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program.

Receipts which are not classified as program receipts are presented as general receipts of the District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the District.

Fund Financial Statements - During the year, the District segregates transactions related to certain District functions or activities in a separate fund in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. The District has only one major fund.

B. Fund Accounting

The District uses a fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District classifies its fund as governmental.

Governmental Fund - The governmental fund finances all governmental functions of the District. The following is the District's governmental fund:

General Fund - The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

C. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the District are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received, but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the operating budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Commissioners of the District may appropriate. The appropriations resolution is the Commissioners' authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Commissioners. The legal level of control has been established by the Commissioners at the fund, program, and object level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Commissioners of the District.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Commissioners of the District during the year.

E. Cash and Cash Equivalents

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

During 2009 and 2008, the District invested in STAR Ohio, an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio share price, which is the price the investment could be sold for on December 31, 2009, and December 31, 2008.

F. Inventory and Prepaid Items

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

H. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include activities of economic development. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

The government-wide statement of net assets reports no restricted net assets.

J. Fund Balance Reserves

The District reserves any portion of fund balance which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. The District had reserves for encumbrances at December 31, 2009 and December 31, 2008.

NOTE 3 - COMPLIANCE

- A.** The District did not approve permanent appropriations for the years ending December 31, 2009 and December 31, 2008, in noncompliance with Ohio Revised Code 5705.38.
- B.** The District had expenditures in excess of appropriations for the years ended December 31, 2009 and December 31, 2008 in noncompliance with Ohio Revised Code Sections 5705.41(B) and 5705.40.
- C.** The District did not properly complete purchase orders for 17% of expenditures tested for the year ending December 31, 2009 and 10% for the year ending December 31, 2008 resulting in a noncompliance with Ohio Revised Code Section 5705.41(D).
- D.** The District did not file the certificate of available resources in a timely manner, in noncompliance with Ohio Revised Code Section 5705.36.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 3 - COMPLIANCE - (Continued)

- E. The District did not deposit monies in a timely manner, in noncompliance with Ohio Revised Code Section 9.38.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements and Change in Fund Balance - Budget and Actual - Budget Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at December 31, 2009 and December 31, 2008 (budgetary basis) amounted to \$3,024 and \$1,286, respectively.

NOTE 5 - RISK MANAGEMENT

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members.

Casualty Insurance

For casualty coverages through December 31, 2005, PEP retained the first \$250,000 of each loss, and reinsured loss amounts over \$250,000 with American Public Entities Excess Pool ("APEEP"), in an amount not to exceed \$1,750,000 per claim and \$10,000,000 in aggregate per year. PEP pays a percentage if its contribution to APEEP.

Effective January 1, 2006, PEP retains the first \$350,000 of each loss, and reinsures loss amounts over \$350,000 with APEEP, in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. PEP pays a percentage if its contribution to APEEP.

In losses exhaust PEP's retained earning, APEEP provides "excess of funds available" coverage up to \$5,000,000 per year, subject to a certificate year aggregate of \$10,000,000. Governments can elect additional coverage, from \$3,000,000 to \$13,000,000, from General Reinsurance Corporation.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 5 - RISK MANAGEMENT - (Continued)

Property Insurance

Property coverage is also offered by the PEP, up to a per occurrence loss limitation of \$600,000,000. APEEP began administering a non risk-sharing property program for its members effective April 1, 1997. Automobile Physical Damage and Property are insured through the Property Program. Specific losses in excess of \$100,000 were reinsured with The Travelers Indemnity Company (“Travelers”), from April 1, 1997 through December 31, 2004.

Effective January 1, 2005 APEEP began administering a risk sharing program, in which Travelers reinsured property specific losses in excess of \$250,000 up to \$600,000,000 per occurrence. Effective January 1, 2007, the terms changed, with Travelers reinsuring property specific losses in excess of \$300,000, up to \$600,000,000 per occurrence. Terms changed again, effective January 1, 2008, with Travelers now reinsuring property specific losses in excess of \$500,000 up to \$600,000,000.

From January 1, 2005 through December 31, 2008, APEEP reinsured members for specific property losses in excess of \$100,000 up to \$250,000 (\$300,000 effective 1/1/07 and \$500,000 effective 1/1/08) per occurrence, subject to an annual aggregate loss payment. Effective January 1, 2009, APEEP reinsured members for specific property losses in excess of \$150,000 up to \$500,000.

Travelers provides property aggregate stop loss coverage to APEEP based upon the combined Members’ Total Insurable Value (TIV). If the stop loss is reached by payment of the Pools retained losses, Travelers will then reinsure property specific losses in excess of the retention up to their \$600,000,000 per occurrence limit. Additionally, effective January 1, 2009, APEEP provides an additional aggregate for the \$50,000 excess \$100,000 layer, with the aggregate limit tied to TIV, for the insurance coverages to the Pools.

The aforementioned casualty and property reinsurance agreements do not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limit are the obligation of the respective PEP member.

Financial Position

PEP’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008.

	<u>2009</u>	<u>2008</u>
Assets	\$ 36,374,898	\$ 35,769,535
Liabilities	<u>(15,256,862)</u>	<u>(15,310,206)</u>
Net Assets	<u>\$ 21,118,036</u>	<u>\$ 20,459,329</u>

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 5 - RISK MANAGEMENT - (Continued)

	2009	2008
# of members	447	445
	2009	2008
Unpaid claims to be billed in the future	Approx. \$13.7 million	Approx. \$12.9 million

The Pool’s membership increased from 445 members in 2008 to 447 members in 2009.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool’s primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (“APEEP”), which is also administered by ARPCO. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2009 the Pool retained \$350,000 for casualty claims and \$150,000 for property claims). The Board of Directors and ARPCO periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

The District’s contributions to PEP for the years ended December 31, 2009, 2008 and 2007 were \$4,120, \$3,819 and \$4,061, respectively.

NOTE 6 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

The members of all three plans were required to contribute 10 percent in 2009 and 2008 of their annual covered salary. The District's contribution rate for pension benefits for 2009 and 2008 was 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$3,033, \$3,282, and \$4,366, respectively. The full amount has been contributed for 2009, 2008 and 2007.

NOTE 7 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*.

A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2009 local government employer contribution rate was 14 percent of covered payroll; 7.0 percent of covered payroll was the portion that was used to fund health care from January 1 through March 31, 2009 and 5.5 percent of covered payroll was the portion that was used to fund health care from April 1 through December 31, 2009.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2008, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.0 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 0.5 and 3.0 percent annually for the next eight years and 4.0 percent annually after eight years.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 7 - POSTEMPLOYMENT BENEFITS - (Continued)

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 357,584. Actual employer contributions for 2009, 2008 and 2007 which were used to fund postemployment benefits were \$1,248, \$1,629 and \$2,250. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2008, (the latest information available) were \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.6 billion and \$18.9 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

NOTE 8 - DEPOSITS AND INVESTMENTS

Monies held by the District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the District treasury. Active monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts. Inactive deposits are public deposits that District Board of Commissioners has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 8 - DEPOSITS AND INVESTMENTS - (Continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio Local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2009 and 2008, the District's cash balances were \$14,077 and \$12,772, respectively, which was all covered by the Federal Depository Insurance Company (FDIC).

Investments

The District invests only in STAR Ohio, which had a carrying value of \$3,552 at December 31, 2009 and \$3,542 at December 31, 2008.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 8 - DEPOSITS AND INVESTMENTS - (Continued)

STAR Ohio carries a rating of AAAM by Standard and Poor's. The District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

NOTE 9 - PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the District. Property tax receipts received in 2009 for real and public utility property taxes represents collections of the 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) is for 2009 taxes.

2009 real property taxes are levied after October 1, 2009 on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes which became a lien on December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

2009 tangible property taxes are levied after October 1, 2008, on the value as of December 31, 2008. Collections are made in 2009. This was reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all District operations for the year ended December 31, 2009 and December 31, 2008, was \$2.20 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2009 property tax receipts were based are as follows:

Real Property	\$ 35,465,530
Public Utility Property	3,443,570
Tangible Personal Property	<u>113,925</u>
Total Assessed Values	<u>\$ 39,023,025</u>

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 9 - PROPERTY TAXES - (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the District. The County Auditor periodically remits to the District its portion of the taxes collected.

NOTE 10 - MISCELLANEOUS REVENUE

The District recorded gift, contributions, donations from individuals and companies as miscellaneous revenue. Also, rent received for use of the park's shelter house and revenue from advertisement on outfield signs were recorded in the miscellaneous revenue line.



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**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

Prospect Township Park District
P.O. Box 426
Prospect, Ohio 43342

We have audited the financial statements of the governmental activities and the major fund of the Prospect Township Park District, Marion County, Ohio, as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Prospect Township Park District's basic financial statements and have issued our report thereon dated August 6, 2010, wherein we noted the Prospect Township Park District prepared its financial statements on the cash basis, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Prospect Township Park District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Prospect Township Park District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Prospect Township Park District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings and responses we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and other deficiencies we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of deficiencies in internal control over financial reporting there is a reasonable possibility that a material misstatement of the Prospect Township Park District financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-PTPD-001 through 2009-PTPD-005 described in the accompanying schedule of findings and responses to be material weaknesses.

Board of Commissioners
Prospect Township Park District

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2009-PTPD-006 and 2009-PTPD-007 described in the accompanying schedule of findings and responses to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the Prospect Township Park District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed six instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2009-PTPD-001 through 2009-PTPD-006.

We also noted certain matters not requiring inclusion in this report that we reported to the Prospect Township Park District's management in a separate letter dated August 6, 2010.

The Prospect Township Park District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Prospect Township Park District's responses and, accordingly, we express no opinion over them.

We intend this report solely for the information and use of management and the Board of Commissioners. We intend it for no one other than these specified parties.



Julian & Grube, Inc.
August 6, 2010

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2009 AND 2008**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2009-PTPD-001

Noncompliance - Material Weakness - Budgetary Controls

Ohio Revised Code Section 5705.38 requires the annual appropriation measure be passed on or about the first day of each fiscal year. Temporary appropriations may be adopted until April 1 if the taxing authority wishes to postpone the passage of the annual appropriations measure until the county budget commission sends out the amended certificate based on year end balances. In addition, the District appropriation measure is the foundation of the District’s anticipated activities for any given year.

The District could not provide evidence of any Commissioner approved or certified permanent appropriations for 2009 or 2008.

While the District did not spend more monies that actually available, the lack of evidence of appropriations may hinder its ability to effectively budget and monitor disbursements related to the budget.

We recommend that the District adopt procedures for approving the appropriation measure and include these procedures in an accounting policy and procedures manual. We recommend the Clerk/Treasurer develop a tickler file including all significant due dates of the budgeting process. The temporary or permanent appropriation measure should be passed prior to incurring expenditures.

Client Response: We have approved 2010 appropriations as evidenced in the Commissioner minutes. We will create a ‘Tickler System’ to be an additional reminder.

Finding Number	2009-PTPD-002
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Noncompliance - Material Weakness - Budgetary Controls

Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure be made by Commissioners resolution and comply with the same provisions of the law as used in making the original appropriations.

Expenditures exceeded appropriations in all funds during 2009 and 2008 due to the District not timely or properly approving permanent appropriations.

By not timely and properly modifying the District’s appropriations, the District is not adequately monitoring appropriations versus expenditures. With expenditures exceeding appropriations, overspending may occur which may result in a negative fund balance.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2009 AND 2008**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2009-PTPD-002 - (Continued)

We recommend that the District comply with Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary.

Client Response: We have approved 2010 appropriations as evidenced in the Commissioner minutes. We will create a ‘Tickler System’ to be an additional reminder.

Finding Number	2009-PTPD-003
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Noncompliance - Material Weakness - Budgetary Controls

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.

The District had expenditures exceeding appropriations in its general fund during the years ended December 31, 2009 and 2008 due to not passing an appropriation measures.

With expenditures exceeding appropriations, the District is expending monies that have not been appropriated and approved by the Commissioners. This may result in unnecessary purchases or overspending which may lead to a fund deficit.

We recommend that the District comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations and amending the budget prior to year end. This may be achieved by monitoring the budget more closely on a continual basis.

Client Response: We have approved 2010 appropriations as evidenced in the Commissioner minutes. We will create a ‘Tickler System’ to be an additional reminder.

Finding Number	2009-PTPD-004
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Noncompliance - Material Weakness - Budgetary Controls

Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2009 AND 2008**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2009-PTPD-004 - (Continued)

The District did not properly complete purchase orders for 17% of expenditures tested for the year ended December 31, 2009 and 10% for the year ended December 31, 2008.

Without certification, the District may expend more funds than available in the Treasury, in the process of collection or the funds appropriated. It may also result in unnecessary purchases.

We recommend that all orders or contracts involving the expenditure of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. A policy and procedure statement adopted by the Commissioners and distributed at least annually may be beneficial. The District should consider using “Then” and “Now” certificates where applicable.

Client Response: We will utilize “Then and Now” certificates more often in 2010.

Finding Number	2009-PTPD-005
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Noncompliance - Material Weakness - Budgetary Controls

Ohio Revised Code Section 5705.36, in part, requires Fiscal Officers to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year on or about the first day of the fiscal year.

The District approved the certificate of available resources on August 7, 2007 and September 23, 2008 for fiscal years 2008 and 2009 respectively. The District did not amend the certificate of available resources for either year on or about the first of the fiscal year.

We recommend the District approve the certificate of available resources on or about the first of the fiscal year or amend the certificate if the District wishes to complete the certificate at an earlier date.

Client Response: We will submit the proper documentation more timely in the future.

Finding Number	2009-PTPD-006
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Noncompliance - Significant Deficiency - Deposit of Public Funds

Ohio Revised Code Section 9.38 requires that deposits of public funds must be made in a timely manner. Public money must be deposited to a designated depository by the business day following the day of receipt, if the total of such receipts exceed one thousand dollars.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2009 AND 2008**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2009-PTPD-006 - (Continued)

It was noted during the testing of tax and intergovernmental receipts that the Clerk/Treasurer failed to deposit \$4,204 in checks before their stale date. As a result, the District incurred two \$15 fees for the checks attempting to be deposited after their stale date.

We recommend the District monitor all collections and ensure that monies are deposited timely. This will lead to improved cash flow and reduce the risk of loss or fees.

Client Response: We will deposit all receipts in a timely manner in the future.

Finding Number	2009-PTPD-007
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Significant Deficiency - Financial Presentation

We identified misstatements in the financial statements for the years ended December 31, 2009 and December 31, 2008 that were not initially identified by the District's internal controls. A description of the adjustments follows:

Intergovernmental Receipts - The District posted \$6,206 and \$10,698, in 2008 and 2009 respectively, as tax revenue instead of intergovernmental revenue with regards to homestead and rollback receipts

The presentation of materially correct financial statements and the related footnotes is the responsibility of the District. We recommend the District implement control procedures that enable the District to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes.

We further recommend the District attempt to properly classify receipts in the accounting system.

Client Response: The Clerk/Treasurer will frequent the Auditor of State website for guidance and the handbooks/UAN manual available for guidance.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding <u>No Longer Valid; Explain:</u>
2007-001	<u>Significant Deficiency/Material Weakness</u> - Sound financial reporting is the responsibility of the Clerk/Treasurer and the Commissioners and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.	No	Finding repeated as 2009-PTPD-007
2007-002	Ohio Revised Code Sections 5705.41(B) and 5705.41(C) state, in part, that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated against an appropriate fund.	No	Finding repeated as 2009-PTPD-003



Mary Taylor, CPA
Auditor of State

PROSPECT TOWNSHIP PARK DISTRICT

MARION COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 16, 2010**